

Fiscal Year 2006 and 2007 Governor's Recommendation



GEORGIA DEPARTMENT OF
COMMUNITY HEALTH

Presentation to
Board of Community Health
January 12, 2006



Agenda

- 1. Governor's Recommendations Compared to DCH Budget Requests**
 - A. Medicaid Efficiencies**
 - B. Items with No Changes**
 - C. Redirections and Exclusions**
 - D. Differences**
 - E. Additions**
- 2. Budget Summary**



Governor's Recommendations

Medicaid Efficiencies

Efficiencies	FY 2006	FY 2007
CMO Provider Fees	\$21.5	\$145.5
CMO Savings	\$11.6	\$78.5
Prior Year Surplus	\$157.2	\$166.8
Adjustment to FY 2006 Benefits Appropriation to reflect updated Medicaid projections	\$16.8	-
Change in Federal Financial Participation rate	-	\$60.6
TOTAL	\$207.1	\$451.4



Governor's Recommendations

No Change from DCH Request

Budget Items	FY 2006	FY 2007
<u>Medicaid</u>		
1. Fund Right from the Start Medicaid services for pregnant women and children.	\$22.0	\$22.0
2. Fund the loss of Upper Payment Limit proceeds used for Medicaid Benefits.	\$147.0	\$147.0
3. Provide administrative funding for Enrollment Broker, RSM Eligibility, and Eligibility Review contracts.	\$12.7	\$14.1
4. Reduce Medicaid Benefits costs by making changes in the eligibility determination process.	-	(\$25.0)
5. Reduce Medicaid Benefits costs for the Aged, Blind, and Disabled through the use of administrative services organizations (ASO).	-	(\$20.0)



Governor's Recommendations

DCH Requests Changed (state funds in millions)

Budget Items	FY 2006	
	Revised DCH Request ¹	Governor's Recommendation
1. Medicare Part D Clawback	\$13.0	\$6.6
2. Unrealized Legislative Savings	\$7.5	Yes

Budget Items	FY 2007	
	Revised DCH Request ¹	Governor's Recommendation
1. Medicare Part D Clawback ²	\$21.0	-
2. Unrealized Legislative Savings	\$9.8	Yes
3. Cash to Accrual Conversion due to CMO Implementation	\$110.1	\$102.5
4. Hospital Cost Settlements	(\$65.2)	(\$70.6)

1. Revised Request to reflect change in CMO implementation to April 1, 2006.

2. The Governor's Office is negotiating with CMS to eliminate the clawback for FY07.



Governor's Recommendation

Budget Redirections and Exclusions

Redirections

- **Transfer funds from the Department of Human Resources (DHR) to DCH to implement Georgia Health Families which serves Medicaid members receiving mental health services**

FY 2006 = \$2,025,041

FY 2007 = \$17,910,517

- **Transfer funds in FY 2006 from DCH Benefits to DCH Administration to cover contract expenditures**

Non-Emergency Transportation (\$825,000)

Medicaid Modernization (\$550,000)

Not in the Governor's Recommendation

- **Increase dispensing fee and base pharmacy payments on Wholesale Acquisition Cost (WAC) instead of Average Wholesale Price (AWP). (\$5,000,000)**



Governor's Recommendation

Additional Budget Items (state funds in millions)

Budget Items	FY 2006	FY 2007
<u>Medicaid</u>		
1. Provide operational support to Hughes Spalding Children's Hospital.	\$2.0	\$3.75
2. Fund Disproportionate Share Hospital (DSH) Program for private hospitals with uncompensated care.	\$14.0	N/A
3. Update nursing home reimbursement rates to the FY2004 cost reports.	-	\$20.0
4. Provide reimbursement for the expansion of the Newborn Screening Program.	-	\$1.0
5. Increase the personal care allowance to nursing home residents by \$20/month.	-	\$1.0
6. Reflect revised Nursing Home Provider Fee Revenue.	(\$0.9)	(\$0.9)



Governor's Recommendation

Additional Budget Items (state funds in millions)

Budget Items	FY 2006	FY 2007
<u>State Health Benefit Plan</u>		
1. Increase Employer premiums for SHBP via a percent of payroll increase (14.2% to 16.713%).	-	\$207.0
<u>Department of Education</u>		
1. Replace other (hospital) funds with tobacco funds for school nurses.	-	\$30.0
<u>Administration</u>		
1. Provide employee salary increases.	-	\$1.4
2. Adjust Georgia Building Authority rental rates. ¹	-	\$157,806
3. Adjust Workers' Compensation rates. ¹	\$8,358	\$11,734



Budget Summary

FY 2006 – 4.4% Increase in Total Budget

Fund Type	FY06 Appropriation HB#85	FY06 Governor's Recommendation	Difference
Total Funds	\$9,350,909,388	\$9,765,010,555	\$414,101,167
State Funds	\$2,201,858,248	\$2,240,485,249	\$38,627,001
Tobacco Funds	\$58,087,386	\$58,087,386	-
Indigent Care Trust Fund	\$148,828,880	\$167,059,344	\$18,230,464
Federal and Other Funds	\$6,942,134,874	\$7,299,378,576	\$357,243,702

- ✓ Medicaid and Nursing Home Provider Fee --- (\$292,067) state funds reduction
- ✓ Health Care Access --- \$1,075 state funds increase
- ✓ Administration and Program Support --- \$1,382,283 state funds increase
- ✓ Indigent Care Trust Fund --- \$37,534,195 state funds increase (CMO Provider Fee and DSH Support)
- ✓ Attached Agencies - \$1,515 state funds increase



Budget Summary

FY 2007 – 11.8% Increase in Total Budget

Fund Type	FY06 Appropriation HB#85	FY07 Governor's Recommendation	Difference
Total Funds	\$9,350,909,388	\$10,455,292,742	\$1,104,383,354
State Funds	\$2,201,858,248	\$2,332,920,531	\$131,062,283
Tobacco Funds	\$58,087,386	\$55,944,361	(\$2,143,025)
Indigent Care Trust Fund	\$148,828,880	\$160,737,322	\$11,908,442
Federal and Other Funds	\$6,942,134,874	\$7,905,690,528	\$963,555,654

- ✓ Medicaid --- (\$19,021,976) state funds reduction
- ✓ Health Care Access --- \$63,066 state funds increase
- ✓ Administration and Program Support --- \$580,987 state funds increase
- ✓ Indigent Care Trust Fund --- \$149,250,635 state funds increase (CMO Provider Fee and DSH Support)
- ✓ Attached Agencies --- \$189,571 state funds increase